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January 24, 2018

**VIA E-FILING**

Jocelyn Boyd, Esquire  
Chief Clerk and Administrator  
South Carolina Public Service Commission  
101 Executive Center Drive  
Columbia, SC 29210

RE: The Impact of The Tax Cuts and Jobs Act on South Carolina Utilities  
Docket No. 2017-381-A

Dear Ms. Boyd:

Enclosed for filing please find the Comments filed on behalf of United Telephone Company of the Carolinas d/b/a CenturyLink and Certificate of Service in connection with the above-referenced matter. By copy of this letter I am serving all parties of record.

If you or counsel has questions, please feel free to contact me.

Sincerely,

Elliott & Elliott, P.A.



Scott Elliott

SE/lbk

Enclosures

cc: All Parties of Record w/enc.

**BEFORE  
THE PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA  
DOCKET NO. 2017-381-A**

IN RE:	)	COMMENTS OF UNITED
IMPACT OF THE TAX CUTS	)	TELEPHONE COMPANY OF
AND JOBS ACT ON	)	THE CAROLINAS D/B/A
SOUTH CAROLINA UTILITIES	)	CENTURYLINK

On December 28, 2017, the Office of Regulatory Staff (“ORS”) submitted a Petition requesting the Commission to order all “investor-owned utility companies” to report the impact of recent federal tax changes on the company’s operations.<sup>1</sup> On January 10, 2018, the Commission issued a directive granting the ORS petition and stating that reports were required from electric, gas, water, sewer and incumbent local exchange companies (“ILEC”).<sup>2</sup> United Telephone Company of the Carolinas d/b/a CenturyLink (“CenturyLink”) is an ILEC in South Carolina. However, CenturyLink respectfully submits that it should not be subject to this reporting requirement because it operates under an alternative regulation plan. Under this plan CenturyLink’s prices are regulated without consideration of its costs or earnings so that the impact of the federal tax changes are irrelevant to the prices charged for its services.

Section 58-9-576, S.C. Code Ann., was enacted in 1996 in response to the opening of the local telecommunications market to competition, allowing local exchange companies to elect alternative forms of regulation other than the traditional rate of return regulation applied to monopoly utilities. In accordance with § 58-9-576(B), beginning in August 1997 CenturyLink has operated under a price regulation plan, approved by the Commission in Order No. 1999-140,

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<sup>1</sup> The ORS petition references the federal Tax Cuts and Jobs Act signed into law by President Trump on December 22, 2017.

<sup>2</sup> Order No. 2018-26.

dated February 19, 1999. This price regulation plan replaces the rate of return method of regulation which previously governed CenturyLink's rates.

Under Section 58-9-576(B), CenturyLink's rates, terms and conditions in its tariffs as they existed on the date CenturyLink elected alternative regulation were deemed "just and reasonable." Any subsequent rate changes have been handled consistent with the price regulation plan and the statute, which also require any rate changes to be in tariffs filed with the Commission and the ORS.

Over the 20 years during which CenturyLink has operated under its price regulation plan, there have been many changes that have impacted the company's cost structure, including dramatically increased competition and technology changes, as well as various regulatory changes. Nevertheless, price increases have been limited by the restrictions in the plan, without regard for these cost-impacting changes. Similarly, CenturyLink is not required to decrease its prices in response to any cost impacts. Any consideration of the impacts of the recent federal tax legislation on CenturyLink's operations is inconsistent with the terms of CenturyLink's price regulation plan and irrelevant to the prices CenturyLink charges its customers.

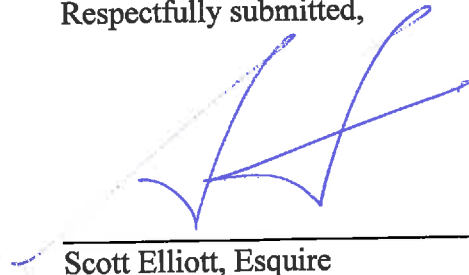
The ORS appeared to recognize that its request for reporting on tax changes does not encompass the alternative regulation plans applicable to ILECs like CenturyLink, when it narrowed its request to "all South Carolina jurisdictional utilities over which the Commission has ratemaking authority."<sup>3</sup> The types of rate proceedings and orders the ORS cites in support of its request are generally applicable to electric, gas, water and sewer utilities, but not to telecommunications companies under alternative regulation plans.

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<sup>3</sup> See, section 58-3-140, S.C. Stat. Ann., cited by the ORS, which acknowledges that the provisions of chapter 9 of Title 58 applicable to telecommunications companies may provide an exception to the Commission's general rates making authority.

For the reasons described above, CenturyLink respectfully requests that it be excluded from any tax reporting requirements set forth in the Order and from any consideration of the impact of the tax changes on its prices.

Respectfully submitted,



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*Attorney for United Telephone Company of the  
Carolinas d/b/a CenturyLink*

Columbia, South Carolina  
January 24, 2018

**CERTIFICATE OF SERVICE**

The undersigned employee of Elliott & Elliott, P.A. does hereby certify that (s)he has served below listed parties with a copy of the pleading(s) indicated below by mailing a copy of same to them in the United States mail, by regular mail, with sufficient postage affixed thereto and return address clearly marked on the date indicated below:

RE: The Impact of The Tax Cuts and Jobs Act on South  
Carolina Utilities

DOCKET NO.: 2017-381-A

PARTIES SERVED: **VIA ELECTONIC AND REGULAR MAIL**

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PLEADING: COMMENTS

January 24, 2018



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